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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91176791
Party	Plaintiff UMG RECORDINGS, INC.
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Date	09/15/2009
Attachments	NOTICE OF RELIANCE RE OFFICIAL RECORDS - PDF (2374832).PDF (40 pages)(412218 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Application Serial No. 78/751,105
Published for Opposition in the OFFICIAL GAZETTE on December 12, 2006

UMG RECORDINGS, INC.

Opposition No.: 91176791

Opposer

v.

MATTEL, INC.,

Applicant

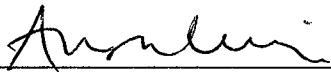
NOTICE OF RELIANCE RE: OFFICIAL RECORDS

Pursuant to 37 C.F.R. §2.122(e), Opposer UMG Recordings, Inc. hereby makes of record and notifies Applicant of its reliance on the following official records capable of ready determination by resort to sources whose accuracy cannot reasonably be questioned, and are offered to rebut Applicant's evidence by showing the history and fame of the MOTOWN mark and the public's association of the MOTOWN mark with Opposer and its predecessors. True and correct copies of photocopies of which are attached hereto as Exhibits A and B, and Opposer asks the Board to take judicial notice thereof:¹

- (1) UMG Recordings, Inc. v. O'Rourke, -- U.S.P.Q. 2d -- (T.T.A.B. 2009).
- (2) Three Boys Music Corp. v. Bolton, 212 F.3d 477 (9th Cir. 2000).

Respectfully submitted,

Date: September 15, 2009



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¹ Courts routinely and uniformly take judicial notice of legal opinions publicly filed in other cases. See Holder v. Holder, 305 F.3d 854, 866 (9th Cir. 2002) (judicial notice of state court of appeal opinion and briefs); MGIC Indem. Corp. v. Weisman, 803 F.2d 500, 504 (9th Cir. 1986) (judicial notice of motion to dismiss filed in another case; "we may take judicial notice of matters of public record outside the pleadings"); Egan v. Teets, 251 F.2d 571, 578-79 (9th Cir. 1957) (judicial notice of "record in the prior district court proceedings").

**UMG RECORDINGS, INC. v. MATTEL, INC.
OPPOSITION NO. 91176791**

UMG RECORDINGS, INC.

**EXHIBIT A
TO NOTICE OF RELIANCE RE: OFFICIAL RECORDS**

Hearing:
May 26, 2009

**This Opinion is a
Precedent of the TTAB**

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

UMG Recordings, Inc., substituted for Universal Music Group
v.
Charles O'Rourke

Opposition No. 91178937
to application Serial No. 78918694
filed on June 28, 2006

David Donahue and Michael Chiappetta of Fross Zelnick
Lehrman & Zissu, P.C. for Universal Music Group.

Lynne Petillo and Douglas J. Katich of Ansell Zaro Grimm &
Aaron PC for Charles O'Rourke.

Before Seeherman, Rogers and Mermelstein, Administrative
Trademark Judges.

Opinion by Rogers, Administrative Trademark Judge:

Applicant Charles O'Rourke seeks registration of the
mark displayed below for goods identified as "Beanies; Caps;
Footwear; Hats; Headbands; Headwear; Jackets; Jogging suits;
Pajamas; Polo shirts; Pullovers; Short-sleeved or long-
sleeved t-shirts; Shorts; Suits; Sweat pants; Sweat shirts;
Swimsuits; T-shirts; Tank tops; Trunks; Underwear;
Wristbands." The application is based on applicant's claim

of use of the mark in commerce, with May 1, 2006 asserted as the date of first use and first use in commerce; and the application includes a disclaimer of exclusive right to use of the term "clothing."¹



The Pleadings and Stipulations

A notice of opposition to registration of the mark was filed variously listing as opposer Universal Music Group (in the ESTTA² cover sheet) and UMG Recordings, Inc. (throughout the attached statement of grounds). That pleading relies on ownership of various registrations for the mark MOTOWN, and asserted claims under Trademark Act Section 2(d) (prior registration, priority of use and likelihood of confusion,

¹ As shown on the original specimen of use, the mark is not a "reversal," i.e., white letters set against a black or dark background. Rather, the mark appears as light colored lettering displayed across the front of a baseball cap, with the word clothing appearing in black or darker lettering against the lighter coloring of the rest of the mark. A substitute specimen also shows the mark in colored lettering, without a rectangular background, and the word clothing in white lettering. Applicant explained that the substitute specimen is a label affixed to the goods. After it was filed, the examining attorney withdrew a refusal to register the mark on the ground that it constitutes mere ornamental matter appearing on the goods.

² ESTTA is the Board's electronic filing system.

hereafter, the likelihood of confusion claim) and under Section 43(c) (dilution). More specifically, opposer claims use of its MOTOWN mark for "pre-recorded audio and video tapes and cassettes, DVDs, CDs, and phonograph records featuring music and entertainment; and musical and theatrical sound and video recordings," for "clothing, footwear and headgear," and "entertainment services, promotion and distribution of musical and theatrical sound and video recordings," all beginning prior to applicant's asserted date of first use. In addition, the notice of opposition claims ownership of two registrations and three pending applications for the MOTOWN mark. The registrations are both for the word mark MOTOWN in standard character form and cover, respectively, "providing popular musical entertainment" and "restaurant services."

As for the designation of opposer, the ESTTA cover sheet listing Universal Music Group as the opposer and the statement of grounds for the opposition listing UMG Recordings, Inc. (hereinafter may be referred to as UMG) clearly are inconsistent. The statement of grounds asserts that the use of the pleaded MOTOWN marks has been by "opposer, its affiliates and its predecessors in interest (collectively, the 'UMG entities')," and the statement's signature line lists UMG Recordings, Inc., "c/o Universal Music Group." Throughout the proceeding, the ESTTA cover

sheets for the parties' respective filings have listed Universal Music Group as the opposer, but attached documents, including all submissions by opposer and applicant, have listed opposer as UMG Recordings, Inc.³ Accordingly, we consider the parties to have agreed that UMG Recordings, Inc. (hereafter UMG) is the opposer of record.⁴ However, in some of our references to opposer's history and legacy in the music industry, references to opposer or to "Motown" should be read to include the various entities related to opposer and its predecessors in interest.⁵

In his answer applicant admitted "that the Opposer is the owner of record" of the pleaded registrations and applications. Apart from this admission, applicant effectively denied the pleaded grounds and asserted what are denominated as affirmative defenses; but these are not true affirmative defenses and we construe them to be mere amplifications of applicant's denial of opposer's claims.

³ After institution of a proceeding, when a party submits a filing via ESTTA, the ESTTA cover sheet is automatically "pre-populated" with the name of the party listed in TTABIS, the Board's docket of electronic proceeding files.

⁴ The certified copies of opposer's pleaded registrations, made of record during trial, list UMG Recordings, Inc. as the owner.

⁵ There have been many assignments involving Motown entities, particularly as relates to copyrights and trademarks for musical and video recordings. There is not, however, any question raised in this proceeding about chain of title, validity of assignments, or the related nature of the various Motown entities that have existed over the years.

The parties filed a stipulated agreement for protecting confidential information as well as a stipulation allowing both introduction of documents produced by the parties from their respective files as "authentic business records" and introduction of testimony by sworn declaration.

The Record

Opposer included in its main brief on the case a listing of evidence, which applicant did not contest; and applicant did not include his own recitation of evidence of record. Accordingly, we accept as accurate opposer's statement of the record.

The record includes declaration testimony and exhibits offered on behalf of opposer from Michael Reinert, Executive Vice President, Business & Legal Affairs of Universal Motown Records Group (an unincorporated division of UMG),⁶ Lori Froeling, former Senior Vice President, Business & Legal Affairs of Universal Music Enterprises (also an unincorporated division of UMG),⁷ Deanna Czapla, Retail Operations Manager and Buyer for Delaware North Companies Travel Hospitality Services, Inc. (a licensee of opposer's MOTOWN mark for clothing and other merchandise), and Mario Ortiz, a paralegal for opposer's counsel. Opposer also

⁶ Mr. Reinert presented both main and rebuttal testimony.

⁷ Ms. Froeling worked for Universal Music Enterprises at the time she provided her testimony.

filed two notices of reliance, one for the introduction of information regarding registrations, applications and other official records, and the other for introduction of certain interrogatory responses by applicant. Applicant Charles O'Rourke submitted his own testimony, and opposer then exercised its right under the parties' stipulation to conduct live cross-examination of Mr. O'Rourke. Both the direct and cross-examination testimony is of record. Finally, applicant filed a notice of reliance on opposer's interrogatory responses.

Questions Presented

In its main brief (pp. 14-15), opposer lists the only question presented as whether there exists a likelihood of confusion, and we therefore consider opposer to have waived its dilution claim. Thus, to the extent opposer is correct in its allegation that applicant has conceded the fame of opposer's MOTOWN mark, applicant will be considered to have only conceded the type of fame relevant to a likelihood of confusion analysis.⁸ Opposer also asserts in its brief that there is no dispute as to opposer's priority, and applicant neither contests the point in his brief nor presents any argument regarding priority. Therefore, to the extent

⁸ *Palm Bay Imports Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F.3d 1369, 73 USPQ2d 1689, 1692 (Fed. Cir. 2005) (contrasts fame for likelihood of confusion analysis and for dilution analysis).

opposer relies on prior use of its mark in commerce, rather than on its registrations for the mark, we consider the question of opposer's priority to be undisputed. We do not, however, consider applicant to have specifically conceded opposer's prior use of the MOTOWN mark for clothing items.⁹ We address, *infra*, what the record shows about such use but before commencing such analysis, we address issues relating to opposer's pleading of various registrations of, and applications seeking registration of, its MOTOWN mark.

Opposer's Registrations, Standing

In his brief (p. 3), applicant contends that "Opposer does not own a registered mark in the class of goods for which Applicant has applied, i.e. apparel." However, one of the applications pleaded in the notice of opposition, serial no. 77/045567, covers numerous items of footwear, headwear and clothing, for both adults and children. Such application resulted in issuance of registration no. 3550672, albeit on December 23, 2008, after applicant's brief had been filed in this case.¹⁰ Opposer made the

⁹ See testimony declaration of Charles O'Rourke [O'Rourke dec.] at paragraph 13: "Opposer's Mark is familiar to the baby boomer age group, and in the recording industry, not the clothing industry."

¹⁰ The full identification for this registration is "Footwear; shoes; ties; hats; caps; jackets; scarves; shirts; visors; sweat shirts; sweat pants; sweat jackets; sweaters; t-shirts; tank tops; tops; wrist bands; and children[']s clothing, namely, infantwear, headwear, shirts, t-shirts, tank tops, cloth bibs, sweat shirts."

application of record by notice of reliance during its testimony period, as an "official record." See Trademark Rule 2.122(e). In its main brief (pp. 11-12), opposer included a request that the Board take judicial notice of any registration that might issue before issuance of a final decision in this case. In its reply brief (p. 3, n. 3), opposer noted both that the anticipated registration had issued and that applicant, in his response brief, did not object to opposer's request in its main brief that judicial notice be taken of the anticipated registration. Opposer concluded that the registration should therefore be considered of record.

After briefing was completed, opposer received from the USPTO a "status and title copy" of the registration that it had ordered promptly upon issuance of the registration.¹¹ That copy was filed with the Board after the completion of briefing under cover of a request that the Board take judicial notice of the registration.

The particular circumstances under which opposer pleaded its ownership of its application to register MOTOWN for various clothing items, obtained a registration after trial, and submitted a certified copy showing status and

¹¹ A "status and title copy" of an issued registration is a copy of the registration, prepared by the USPTO, which indicates the status of the registration and the last recorded owner, according to USPTO Assignment Branch records.

title after briefing are unlike those presented by other precedential decisions involving initial pleading of a pending application. Accordingly, we address in some detail whether to consider the registration to be of record or whether we may take judicial notice of it.

As noted, the pending application was referenced in the notice of opposition and applicant admitted opposer's ownership of such. Such an admission, however, does not dictate that the resulting registration is automatically of record whenever it should issue. An admission obviates the need to prove the admitted allegation of fact, but no more. Thus, had a registration issued prior to trial, applicant's admission would not have excused opposer from the need to make the registration properly of record.¹²

Arguing for consideration of its registration, opposer relies in part on the fact that applicant did not object to opposer's submission of the application by notice of

¹² In contrast, while an opposer that pleads ownership of an application would have to make any subsequently issued registration of record, it would not have to amend its notice of opposition prior to doing so. The pleading of the application would be viewed as having provided sufficient notice to the applicant that the opposer would rely on a registration from the application for its likelihood of confusion claim. *Cf. Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917, 1919-20 (TTAB 2006). In *Standard Knitting*, the notice of opposition put applicant on notice of opposer's reliance on a pending application, and applicant later amended its counterclaim to seek cancellation of the registration that issued based on the pending application. In contrast, when at trial opposer introduced an unpleaded registration by notice of reliance, applicant's objection to it was sustained. *Id.*

reliance. But a copy of a pending application is admissible as an official record and could scarcely be objected to merely because it was introduced at trial. *See Life Zone Inc. v. Middleman Group Inc.*, 87 USPQ2d 1953, 1957 (TTAB 2008) (copy of opposer's pending application admissible under notice of reliance as official record).

Next, opposer argues that applicant did not object to the request in opposer's brief that the Board take judicial notice of the anticipated registration, but this argument is unavailing. First, applicant did assert in his responsive brief that opposer did not have a registration for its mark for apparel items. This must be taken as an indication that applicant viewed the introduction of the application as insufficient to make the anticipated registration of record. Second, even though applicant did not specifically object to opposer's request that the Board take judicial notice, it is well settled that the Board does not take judicial notice of USPTO records. *See Corporate Fitness Programs Inc. v. Weider Health and Fitness Inc.*, 2 USPQ2d 1682, 1683-84, n.3 (TTAB 1987) ("The Board does not take judicial notice of registrations that reside in the Patent and Trademark Office."). Given this established practice, we cannot conclude that applicant's failure to contest opposer's request constituted his agreement that the Board could take judicial notice of the anticipated issuance of a

registration. See *Edison Brothers Stores, Inc. v. Brutting E.B. Sport-International GmbH*, 230 USPQ 530, 531 n.8 (TTAB 1986) ("Brutting's motion, filed after it received opposer's main brief, requesting us to make its [registration] part of the record of this proceeding is denied.... That opposer did not object is also of no consequence. A party is obviously not required to object to evidence which has not been proffered in accordance with our rules.").

Opposer's final effort to have the registration made of record was its submission, after completion of briefing, of the status and title copy that it had obtained from the USPTO, with a request that the Board take judicial notice of it. We deny the request for the reasons explained above in regard to the request for judicial notice included in opposer's brief. See also, *Jean Patou Inc. v. Theon Inc.*, 18 USPQ2d 1072, 1075 (TTAB 1990). In *Jean Patou*, during its testimony period, the opposer had put into the record a poor photocopy of a four-year old status and title copy of a pleaded registration and, one week later, but after the close of the testimony period, filed a supplemental notice of reliance with a current status and title copy prepared by the USPTO. The Board refused applicant's request to strike the timely notice of reliance, though it noted that the question of the competency of a poor photocopy of a four-year old status and title copy remained; but the Board

granted applicant's request to strike the notice of reliance submitted after the testimony period had closed. *Id.* at 1075-76.¹³

In sum, applicant's admission during pleading of opposer's ownership of its application to register the MOTOWN mark for various items of clothing did not make the resulting registration of record, and we deny each of opposer's requests that we take judicial notice of such registration. Notwithstanding that we therefore do not have this registration properly before us, because opposer properly made of record other registrations for the mark MOTOWN, it has established its standing to oppose the involved application. *See Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000); *see also, Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999). Moreover, opposer is entitled to rely upon the evidence it introduced to show use of the mark MOTOWN for clothing items. *Corporate Fitness*, *supra*, 2 USPQ2d at 1683-84 n.3. We turn, then, to consider the evidence regarding use of the parties' respective marks for clothing. We acknowledge that opposer is relying on two

¹³ Though the opposer in *Jean Patou* also argued that its supplemental notice of reliance should be considered timely because it had requested an extension of its testimony period, the Board rejected this argument because the opposer had not requested a general extension but only an extension for the limited purpose of completing a testimony deposition. *Jean Patou*, 18 USPQ2d at 1075.

registrations of its mark for "providing popular musical entertainment" services and "restaurant services", but if the record reveals prior use by opposer of its mark(s) for clothing items, that presents the strongest case for likelihood of confusion.¹⁴

Priority of Use as to Clothing

Applicant is entitled to rely on the filing date of his involved application, or whatever date of first use is established by the evidence of record. The filing date of the application is June 28, 2006. The application asserts that applicant first used his MTOWN and design mark on the goods listed in the application as of May 1, 2006. In their respective briefs, both parties recite these dates, but opposer refers to the asserted date of first use as "alleged" and clearly considers it subject to proof. See opposer's brief, pp. 15-16. Applicant, however, has not put any evidence in the record to substantiate the date of first use. For example, neither the O'Rourke declaration nor the transcript of the in-person cross-examination of the witness includes any discussion of the date on which applicant first began to use his mark for the identified goods.

¹⁴ Nonetheless, the fame of opposer's mark in the music industry influences our decision in this case, as discussed *infra*, for when evidence of fame of a mark is present it is always of significance. See *Recot Inc. v. M.C. Becton*, 214 F.3d 1322, 54 USPQ2d 1894, 1897 (Fed. Cir. 2000).

The only reference to use by applicant of his mark on May 1, 2006 is the allegation of such use in the application; and it is well-settled that, although an opposed application is automatically part of the record for the opposition, the allegations contained therein are not evidence in the opposition. See Trademark Rule 2.122(b), 37 C.F.R. § 2.122(b) ("The allegation in an application for registration ... of a date of use is not evidence on behalf of the applicant [and] must be established by competent evidence."); see also, authorities discussed in TBMP section 704.04. Accordingly, the earliest date on which applicant may rely is the June 28, 2006 filing date of his application.

Opposer, in contrast, has put substantial evidence in the record establishing its use of various marks featuring a capital letter M and MOTOWN, for clothing items sold by licensees. In particular, and as noted earlier in the description of the record, opposer presented declaration testimony from Deanna Czapla, Retail Operations Manager and Buyer for a licensee of opposer who testified from her own knowledge and her review of records and documents of the licensee. Czapla dec. ¶ 2. Czapla is responsible for "the business affairs and operation of the Motown Music Review store" in the Detroit Metro Airport. Id. ¶ 1. Czapla further testified as to the parties to the original

licensing agreement, the subsequent change of name of the licensee, and introduced a copy of the agreement, which lists opposer as the general partner of the licensor. Czapla dec. ¶¶ 3-4, exh. 1. The store opened in 2002 and offers for sale "an array of clothing and merchandise bearing the MOTOWN marks, including, for example, short-sleeved and long-sleeved shirts, sweatshirts, pull-overs, jackets and hats," and photographs of the store and merchandise are exhibits to the declaration. Czapla dec. ¶¶ 5-6, exhs. 2-3. While we cannot report the sales figures for the store because they are protected by the parties' confidentiality agreement, suffice it to say that sales since 2003 have been continuous and substantial.

In addition to the Czapla declaration, opposer also presented declaration testimony of Lori Froeling, Senior Vice President of a division of opposer, and the individual responsible for, among other activities, licensing of trademarks for the "Motown" recording label. Froeling dec. ¶ 1. Based on her personal knowledge or familiarity with records and documents, Froeling testified that the MOTOWN marks have been used for "a wide range of goods and services" including "clothing, headwear and footwear." Froeling dec. ¶¶ 2-3. A licensing arrangement beginning in 1988 with the Motown Historical Museum covers the sale of clothing bearing the MOTOWN marks both in the museum gift

shop and on its website, www.motownmuseum.com. Froeling dec. ¶ 8, exhs. 18-20. Another arrangement, beginning March 3, 1999, involves sales of MOTOWN branded clothing at the Motown Café Orlando in Orlando, Florida. Froeling dec. ¶ 9, exh. 21. And the Froeling declaration corroborates the Czapla declaration regarding sales of licensed clothing at the Detroit airport. Froeling dec. ¶ 10.

All of these activities predate the filing date of applicant's application and are sufficient to establish opposer's priority of use of various versions of its MOTOWN mark, some with a large uppercase M, for clothing items. We therefore turn to the question of likelihood of confusion.

Likelihood of Confusion

The record created by opposer is substantial, especially as it relates to the history of "Motown" records and music and the public recognition and fame of "Motown" recordings and performing artists. While there are many factors which are considered as part of the likelihood of confusion analysis when there is evidence of record bearing on such factors, see *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973), and *In re Majestic Distilling Company, Inc.*, 315 F.3d 1311, 65 USPQ2d 1201 (Fed. Cir. 2003), in the case at hand the similarities in the marks, the use of the marks for many identical items, and the overlap in channels of trade and classes of

consumers are the most significant. See *Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 57 USPQ2d 1557, 1559 (Fed. Cir. 2001) ("While it must consider each factor for which it has evidence, the Board may focus its analysis on dispositive factors, such as similarity of the marks and relatedness of the goods."). The fame of opposer's marks in the music industry also has some effect on our analysis.

Applicant seeks to register his mark for various items of clothing, headwear and footwear, as listed at the outset of this opinion. Opposer's evidence demonstrates use of opposer's MOTOWN or M MOTOWN marks for short-sleeved and long-sleeved t-shirts, sweatshirts and baseball-style caps, all items included in applicant's identification of goods. Thus, the parties' goods are in part identical and are otherwise closely related apparel items.¹⁵ When marks are used on identical goods, the marks do not have to be as similar, to support a conclusion that confusion among consumers is likely, as they would have to be if the goods were different. See *Century 21 Real Estate Corp. v. Century Life of America*, 970 F.2d 874, 23 USPQ2d 1698, 1700 (Fed.

¹⁵ Although dated after applicant's filing date, another license in the record shows that opposer has expanded into footwear by licensing its marks for use by a footwear manufacturer. See Froeling dec. ¶ 11, exhs. 22-23. While opposer has not demonstrated prior use on footwear, opposer's natural expansion into this field serves to demonstrate the relationship between the apparel items for which opposer has demonstrated its priority and footwear, which is among the items identified in applicant's identification of goods.

Cir. 1992) ("When marks would appear on virtually identical goods or services, the degree of similarity necessary to support a conclusion of likely confusion declines.").

When comparing the marks, we must consider the appearance, sound, connotation and commercial impression of each mark. *Palm Bay Imports Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F.3d 1369, 73 USPQ2d 1689, 1692 (Fed. Cir. 2005). Moreover, it is a well-established principle that, in articulating reasons for reaching a conclusion on the issue of likelihood of confusion, while the marks are compared in their entireties, including descriptive or disclaimed portions thereof, "there is nothing improper in stating that, for rational reasons, more or less weight has been given to a particular feature of a mark, provided the ultimate conclusion rests on consideration of the marks in their entireties. Indeed, this type of analysis appears to be unavoidable." *In re National Data Corp.*, 732 F.2d 1056, 224 USPQ 749, 751 (Fed. Cir. 1985). In the case at hand, we give little weight to the inclusion of the disclaimed word CLOTHING in applicant's mark. It is much smaller than MTOWN and would not be viewed as distinctive and an indicator of source, for it is a generic term for applicant's identified goods.

As for the appearances of the involved marks, the capital letter M is stressed in applicant's mark, because of

its comparatively larger size, and is distinguishable from the remainder in that the M has more rounded edges than does the word TOWN. Opposer's MOTOWN marks for clothing generally present the letters in equal size and the same font. Some displays, however, are similar to the display and font employed by applicant. See, for example, Froeling exh. 19, which shows a sweatshirt with Motown in a script form with an underscoring flourish similar to the extension of applicant's capital M under the word TOWN. The same exhibit also illustrates use of opposer's M MOTOWN mark which stresses the letter M. And the entire record shows use by opposer of various M MOTOWN marks that similarly stress a large M. While the involved marks have some differences in appearance, they also have similarities.

In comparing the pronunciation of the marks, it is a reasonable conclusion that many will articulate applicant's mark MTOWN as "EM TOWN." As for opposer's mark MOTOWN, as applicant acknowledges, consumers pronounce it as "MOW TOWN." For consumers who will speak opposer's M MOTOWN mark, it is reasonable to conclude they will articulate it as "EM MOW TOWN," but they may also refer to it as the "MOW TOWN EM." As with the appearances of the marks, the sounds of the marks have some differences but also significant similarities.

As for the connotations of the marks, for those who know the history of "Motown" records and performers, and the record is substantial that the "Motown" legacy and contributions to the music industry are well-known, the connotation of opposer's marks will mirror that history and legacy. In this regard, we note that opposer's licensees and franchisees not only sell MOTOWN branded clothing but utilize décor and memorabilia evocative of the legions of "Motown" artists, performers and recordings. Applicant contends (brief, p. 6) that the connotation of his mark will be distinctly different because the M in applicant's mark "is an abbreviation for the 'Middle' in 'Middletown,' New Jersey" and therefore connotes hometown pride in that place and in other towns whose names begin with the letter M. Although the record reveals that applicant has only sold clothing items in New Jersey, his identification of goods is unlimited as to classes of consumers or channels of trade or geographic scope. Because we must therefore assume that the goods will be marketed in all customary channels of trade for, and to all customary consumers for, clothing items, see *Octocom Systems, Inc. v. Houston Computers Services Inc.*, 918 F.2d 937, 16 USPQ2d 1783, 1787 (Fed. Cir. 1990), consumers outside applicant's hometown are unlikely to equate MTOWN with Middletown, New Jersey. Even if we accept applicant's argument that consumers who reside in or near

towns beginning with the letter M may associate applicant's mark with such places, consumers who do not reside in such places may view the mark as having the same connotation as opposer's marks, because of opposer's use not only of MOTOWN marks but of marks that feature a large letter M. In short, many consumers may find the marks to have the same or very similar connotations.

The overall commercial impressions of the marks is a consideration "occasionally used as a proxy for the ultimate conclusion of similarity or dissimilarity." *Palm Bay*, supra, 73 USPQ2d at 1692. In the case at hand, however, we specifically consider commercial impression as a distinct consideration when comparing the marks. Even though applicant overcame an initial refusal of registration based on the ornamental nature of the MTOWN CLOTHING mark, as shown by the original specimen of use, the fact remains that the record is replete with evidence showing that both parties' marks tend to be emblazoned across the fronts of items such as shirts and caps. Indeed, applicant essentially argues that his goods are bought to be worn as displays of hometown pride. When used in this way, the marks have very similar commercial impressions, and both are used in ways that turn a spotlight on the letter M. Overall, while the marks may have some dissimilarities as to sound or appearance, their connotations and overall

commercial impressions are likely to be the same for many consumers. *Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 62 USPQ2d 1001, 1003-04 (Fed. Cir. 2002) (holding that PACKARD TECHNOLOGIES and HEWLETT PACKARD differ in appearance and sound, but the marks convey a similar commercial impression because consumers would be aware of Hewlett-Packard's heavy involvement in technology-based goods, and therefore the marks are similar in their entirety). *See also, Ava Enterprises Inc. v. Audio Boss USA Inc.*, 77 USPQ2d 1783 (TTAB 2006) (likelihood of confusion found when stylized marks "Audio Bss USA" and "Boss Audio Systems," were used on legally identical or otherwise closely related goods, because of similarities in display of marks and overall commercial impression).

Turning to the classes of consumers and channels of trade for the involved goods, we have already noted, above, that applicant's identification is not limited and we must assume that his goods can be marketed to all customary consumers of the identified clothing, headwear and footwear items. This class of consumers would include the same class of consumers to whom opposer's identical goods are sold, i.e., any members of the general public who visit the stores or web sites of opposer's licensees or franchisees who are selling MOTOWN branded clothing at retail. Similarly, we must assume that marketing of applicant's goods can or will

occur in all normal channels of trade for such items. This would include retail stores featuring clothing items and sales on the internet, which, as the record shows, are means by which opposer's licensed goods are marketed.

Accordingly, there is an overlap in the parties' classes of consumers and channels of trade.

The last *du Pont* factor which we consider is the fame of opposer's MOTOWN mark in the music industry, a fact which applicant has admitted. While we have already stated that we do not view applicant as having conceded the fame of opposer's mark for clothing items, we note that opposer's licensed or franchised operations may utilize décor and displays of memorabilia that draw an association between opposer's history in the music industry and the items marketed in locations such as the Motown Music Review store in the Detroit airport and the Motown Café Orlando. Opposer's mark is famous for musical recordings and performances, and opposer has demonstrated that such fame has been exploited by its use of the mark on collateral products, including clothing. See *Turner Entertainment Co. v. Nelson*, 38 USPQ2d 1942, 1944 (TTAB 1996) for a discussion of cases involving use of a famous or well-known mark on collateral products. As a result, consumers familiar with opposer's famous music industry marks, including the various MOTOWN and M MOTOWN marks, when subsequently confronted with

clothing items adorned with applicant's mark would likely conclude it was another variation on the marks used by or authorized by opposer for such goods.

Considering all the evidence of record, whether specifically discussed herein or not, and balancing all the *du Pont* factors, we conclude that there exists a likelihood of confusion among consumers.

Decision: The opposition is sustained and registration to applicant is refused.

**UMG RECORDINGS, INC. v. MATTEL, INC.
OPPOSITION NO. 91176791**

UMG RECORDINGS, INC.

**EXHIBIT B
TO NOTICE OF RELIANCE RE: OFFICIAL RECORDS**



LEXSEE 212 F.3D 477

THREE BOYS MUSIC CORPORATION, Plaintiff-Appellee, v. MICHAEL BOLTON, individually and d/b/a MR. BOLTON'S MUSIC, INC.; ANDREW GOLDMARK; NON-PAREIL MUSIC, INC.; WARNER-CHAPPELL MUSIC LIMITED; WARNER-TAMERLANE PUBLISHING CORP.; WB MUSIC CORP.; and SONY MUSIC ENTERTAINMENT, INC., Defendants-Appellants.

Nos. 97-55150, 97-55154

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

212 F.3d 477; 2000 U.S. App. LEXIS 9163; 54 U.S.P.Q.2D (BNA) 1720; Copy. L. Rep. (CCH) P28,082; 2000 Cal. Daily Op. Service 3651; 2000 Daily Journal DAR 4885

October 5, 1999, Argued and Submitted, Pasadena, California

May 9, 2000, Filed

SUBSEQUENT HISTORY: [**1] Certiorari Denied January 22, 2001, Reported at: *2001 U.S. LEXIS 800*.

PRIOR HISTORY: Appeals from the United States District Court for the Central District of California. D.C. No. CV-92-01177 LGB. Lourdes G. Baird, District Judge, Presiding.

DISPOSITION: AFFIRMED.

COUNSEL: Robert G. Sugarman, Weil, Gotshal & Manges, New York, New York, for the defendants-appellants.

Russell J. Frackman, Mitchell, Silberberg & Knupp, Los Angeles, California, for the defendant-appellant.

Pierce O'Donnell, O'Donnell & Shaeffer, Los Angeles, California, for the plaintiff-appellee.

John P. McNicholas, McNicholas & McNicholas, Los Angeles, California, for the plaintiff-appellee.

Louis Petrich, Leopold, Petrich, & Smith, Los Angeles, California, for amici, Recording Industry Association of America, Inc. and Motion Picture Association of America, Inc.

JUDGES: Before: Betty B. Fletcher, Dorothy W. Nelson, and Melvin Brunetti, Circuit Judges. Opinion by D.W. Nelson.

OPINION BY: Dorothy W. Nelson

OPINION

[*480] D.W. NELSON, Circuit Judge:

In 1994, a jury found that Michael Bolton's 1991 pop hit, "Love Is a Wonderful Thing," infringed on the copyright of a 1964 Isley Brothers' song of the same name. The district court denied Bolton's motion for a new trial and affirmed the jury's award of \$ 5.4 million.

[**2] Bolton, his co-author, Andrew Goldmark, and their record companies ("Sony Music") appeal, arguing that the district court erred in finding that: (1) sufficient evidence supported the jury's finding that the appellants had access to the Isley Brothers' song; (2) sufficient evidence supported the jury's finding that the songs were substantially similar; (3) subject matter jurisdiction existed based on the Isley Brothers registering a complete copy of the song; (4) sufficient evidence supported the jury's attribution of profits to the infringing elements of the song; (5) Sony Music could not deduct its tax liability; and (6) the appellants' motion for a new trial based on newly discovered evidence was unwarranted.

We affirm.

I. BACKGROUND

The Isley Brothers, one of this country's most well-known rhythm and blues groups, have been inducted into the Rock and Roll Hall of Fame. They helped define the soul sound of the 1960s with songs such as "Shout," "Twist and Shout," and "This Old Heart of Mine," and they mastered the funky beats of the 1970s with songs such as "Who's That Lady," "Fight the Power," and "It's Your Thing." In 1964, the Isley Brothers wrote and recorded "Love [**3] is a Wonderful Thing" for United Artists. The Isley Brothers received a copyright for "Love is a Wonderful Thing" from the Register of Copyrights on February 6, 1964. The following year, they switched to the famous Motown label and had three top-100 hits including "This Old Heart of Mine."

Hoping to benefit from the Isley Brothers' Motown success, United Artists released "Love is a Wonderful Thing" in 1966. The song was not released on an album, only on a 45-record as a single. Several industry publications predicted that "Love is a Wonderful Thing" would be a hit - "Cash Box" on August 27, 1966, "Gavin Report" on August 26, 1966, and "Billboard" on September 10, 1966. On September 17, 1966, Billboard listed "Love is a Wonderful Thing" at number 110 in a chart titled "Bubbling Under the Hot 100." The song was never listed on any other Top 100 charts. In 1991, the Isley Brothers' "Love is a Wonderful Thing" was released [**481] on compact disc. *See* Isley Brothers, *The Isley Brothers - The Complete UA Sessions*, (EMI 1991).

Michael Bolton is a singer/songwriter who gained popularity in the late 1980s and early 1990s by reviving the soul sound of the 1960s. Bolton has orchestrated this [**4] soul-music revival in part by covering old songs such as Percy Sledge's "When a Man Love a Woman" and Otis Redding's "(Sittin' on the) Dock of the Bay." Bolton also has written his own hit songs. In early 1990, Bolton and Goldmark wrote a song called "Love Is a Wonderful Thing." Bolton released it as a single in April 1991, and as part of Bolton's album, "Time, Love and Tenderness." Bolton's "Love Is a Wonderful Thing" finished 1991 at number 49 on Billboard's year-end pop chart.

On February 24, 1992, Three Boys Music Corporation filed a copyright infringement action for damages against the appellants under 17 U.S.C. §§ 101 et

seq. (1988). The parties agreed to a trifurcated trial. On April 25, 1994, in the first phase, the jury determined that the appellants had infringed the Isley Brothers' copyright. At the end of second phase five days later, the jury decided that Bolton's "Love Is a Wonderful Thing" accounted for 28 percent of the profits from "Time, Love and Tenderness." The jury also found that 66 percent of the profits from commercial uses of the song could be attributed to the inclusion of infringing elements. On May 9, 1994, the district court entered [**5] judgment in favor of the Isley Brothers based on the first two phases.

The deadline for post-trial motions was May 25, 1994. On that day, the appellants filed a motion for judgment as a matter of law and a motion for new trial. The district court denied the motions on August 11, 1994. On June 8, 1994, the appellants filed a second motion for new trial based on newly discovered evidence on the issue of copyright ownership. The district court dismissed this motion as untimely.

On December 5, 1996, the district court adopted the findings of the Special Master's Amended Report about the allocation of damages (third phase). In the final judgment entered against the appellants, the district court ordered Sony Music to pay \$ 4,218,838; Bolton to pay \$ 932,924; Goldmark to pay \$ 220,785; and their music publishing companies to pay \$ 75,900. They timely appealed.

II. DISCUSSION

Proof of copyright infringement is often highly circumstantial, particularly in cases involving music. A copyright plaintiff must prove (1) ownership of the copyright; and (2) infringement - that the defendant copied protected elements of the plaintiff's work. *See Smith v. Jackson*, 84 F.3d 1213, 1218 (9th Cir. 1996) [**6] (citation omitted). Absent direct evidence of copying, proof of infringement involves fact-based showings that the defendant had "access" to the plaintiff's work and that the two works are "substantially similar." *Id.*

Given the difficulty of proving access and substantial similarity, appellate courts have been reluctant to reverse jury verdicts in music cases. *See, e.g., id.* at 1221 (affirming a jury's verdict for the defendants in a copyright infringement case involving Michael Jackson and other musicians); *Gaste v. Kaiserman*, 863 F.2d 1061, 1071 (2d Cir. 1988) (affirming a jury's damages

award against a defendant in a music copyright infringement case). Judge Newman's opinion in *Gaste* nicely articulated the proper role for an appeals court in reviewing a jury verdict:

The guiding principle in deciding whether to overturn a jury verdict for insufficiency of the evidence is whether the evidence is such that, without weighing the credibility of the witnesses or otherwise considering the weight of the evidence, there can be but one conclusion as to the verdict that reasonable men could have reached.

Id. at 1066 [**7] (internal quotations omitted). In *Arnstein v. Porter*, the seminal case [*482] about musical copyright infringement, Judge Jerome Frank wrote:

Each of these two issues - copying and improper appropriation - is an issue of fact. If there is a trial, the conclusions on those issues of the trier of the facts - of the judge if he sat without a jury, or of the jury if there was a jury trial - bind this court on appeal, provided the evidence supports those findings, regardless of whether we would ourselves have reached the same conclusions.

Arnstein v. Porter, 154 F.2d 464, 469 (2d Cir. 1946).

As a general matter, the standard for reviewing jury verdicts is whether they are supported by "substantial evidence" - that is, such relevant evidence as reasonable minds might accept as adequate to support a conclusion. See *Poppell v. City of San Diego*, 149 F.3d 951, 962 (9th Cir. 1998). The credibility of witnesses is an issue for the jury and is generally not subject to appellate review. See *Gilbrook v. City of Westminster*, 177 F.3d 839, 856 (9th Cir.), cert. denied, 120 S. Ct. 614 (1999).

We affirm the jury's verdict [**8] in this case in light of the standard of review and copyright law's "guiding principles." Although we will address each of the appellant's arguments in turn, we focus on access because it is the most difficult issue in this case. Our

decision is predicated on judicial deference - finding that the law has been properly applied in this case, viewing the facts most favorably to the appellees, and not substituting our judgment for that of the jury.

A. Access

Proof of access requires "an opportunity to view or to copy plaintiff's work." *Sid and Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1172 (9th Cir. 1977). This is often described as providing a "reasonable opportunity" or "reasonable possibility" of viewing the plaintiff's work. 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 13.02[A], at 13-19 (1999); *Jason v. Fonda*, 526 F. Supp. 774, 775 (C.D. Cal. 1981), aff'd, 698 F.2d 966 (9th Cir. 1983). We have defined reasonable access as "more than a 'bare possibility.'" *Jason*, 698 F.2d at 967. Nimmer has elaborated on our definition: "Of course, reasonable opportunity as [**9] here used, does not encompass any bare possibility in the sense that anything is possible. Access may not be inferred through mere speculation or conjecture. There must be a reasonable possibility of viewing the plaintiff's work - not a bare possibility." 4 *Nimmer*, § 13.02[A], at 13-19. "At times, distinguishing a 'bare' possibility from a 'reasonable' possibility will present a close question." *Id.* at 13-20.

Circumstantial evidence of reasonable access is proven in one of two ways: (1) a particular chain of events is established between the plaintiff's work and the defendant's access to that work (such as through dealings with a publisher or record company), or (2) the plaintiff's work has been widely disseminated. See 4 *Nimmer*, § 13.02[A], at 13-20-13-21; 2 Paul Goldstein, *Copyright: Principles, Law, and Practice* § 8.3.1.1., at 90-91 (1989). Goldstein remarks that in music cases the "typically more successful route to proving access requires the plaintiff to show that its work was widely disseminated through sales of sheet music, records, and radio performances." 2 Goldstein, § 8.3.1.1, at 91. Nimmer, however, cautioned that "concrete cases will pose difficult [**10] judgments as to where along the access spectrum a given exploitation falls." 4 *Nimmer*, § 13.02[A], at 13-22.

Proof of widespread dissemination is sometimes accompanied by a theory that copyright infringement of a popular song was subconscious. Subconscious copying has been accepted since Learned Hand embraced it in a 1924 music infringement case: "Everything registers somewhere in our memories, and no one can tell what

[*483] may evoke it Once it appears that another has in fact used the copyright as the source of this production, he has invaded the author's rights. It is no excuse that in so doing his memory has played him a trick." *Fred Fisher, Inc. v. Dillingham*, 298 F. 145, 147-48 (S.D.N.Y. 1924). In *Fred Fisher*, Judge Hand found that the similarities between the songs "amounted to identity" and that the infringement had occurred "probably unconsciously, what he had certainly often heard only a short time before." *Id.* at 147.

In modern cases, however, the theory of subconscious copying has been applied to songs that are more remote in time. *ABKCO Music, Inc v. Harrisongs Music, Ltd.*, 722 F.2d 988 (2d Cir. 1983) is the [*11] most prominent example. In *ABKCO*, the Second Circuit affirmed a jury's verdict that former Beatle George Harrison, in writing the song "My Sweet Lord," subconsciously copied The Chiffons' "He's So Fine," which was released six years earlier. *See id.* at 997, 999. Harrison admitted hearing "He's So Fine" in 1963, when it was number one on the Billboard charts in the United States for five weeks and one of the top 30 hits in England for seven weeks. *See id.* at 998. The court found: "the evidence, standing alone, 'by no means compels the conclusion that there was access . . . it does not compel the conclusion that there was not.'" *Id.* (quoting *Heim v. Universal Pictures Co.*, 154 F.2d 480, 487 (2d Cir. 1946)). In *ABKCO*, however, the court found that "the similarity was so striking and where access was found, the remoteness of that access provides no basis for reversal." *Id.* Furthermore, "the mere lapse of a considerable period of time between the moment of access and the creation of defendant's work does not preclude a finding of copying." 4 *Nimmer*, § 13.02[A], at 13-20 (citing *ABKCO*, 722 F.2d at 997-98). [*12]

The Isley Brothers' access argument was based on a theory of widespread dissemination and subconscious copying. They presented evidence supporting four principal ways that Bolton and Goldmark could have had access to the Isley Brothers' "Love is a Wonderful Thing":

(1) Bolton grew up listening to groups such as the Isley Brothers and singing their songs. In 1966, Bolton and Goldmark were 13 and 15, respectively, growing up in Connecticut. Bolton testified that he had been listening to rhythm and blues music by black singers since he was 10 or 11, "appreciated a lot of Black singers," and as a

youth was the lead singer in a band that performed "covers" of popular songs by black singers. Bolton also testified that his brother had a "pretty good record collection."

(2) Three disk jockeys testified that the Isley Brothers' song was widely disseminated on radio and television stations where Bolton and Goldmark grew up. First, Jerry Blavitt testified that the Isley Brothers' "Love is a Wonderful Thing" was played five or six times during a 13-week period on the television show, "The Discophonic Scene," which he said aired in Philadelphia, New York, and Hartford-New Haven. Blavitt also [*13] testified that he played the song two to three times a week as a disk jockey in Philadelphia and that the station is still playing the song today. Second, Earl Rodney Jones testified that he played the song a minimum of four times a day during an eight to 14 to 24 week period on WVON radio in Chicago, and that the station is still playing the song today. Finally, Jerry Bledsoe testified that he played the song on WUFO radio in Buffalo, and WWRL radio in New York was playing the song in New York in 1967 when he went there. Bledsoe also testified that he played the song twice on a television show, "Soul," which aired in New York and probably in New Haven, Connecticut, where Bolton lived.

(3) Bolton confessed to being a huge fan of the Isley Brothers and a collector of their music. Ronald Isley testified that when Bolton saw Isley at the Lou Rawls United Negro College Fund Benefit concert in 1988, Bolton said, "I know this guy. [*484] I go back with him. I have all his stuff." Angela Winbush, Isley's wife, testified about that meeting that Bolton said, "This man needs no introduction. I know everything he's done."

(4) Bolton wondered if he and Goldmark were copying a song by another famous [*14] soul singer. Bolton produced a work tape attempting to show that he and Goldmark independently created their version of "Love Is a Wonderful Thing." On that tape of their recording session, Bolton asked Goldmark if the song they were composing was Marvin Gaye's "Some Kind of Wonderful." ¹ The district court, in affirming the jury's verdict, wrote about Bolton's Marvin Gaye remark:

This statement suggests that Bolton was contemplating the possibility that the work he and Goldmark were creating, or at least a portion of it, belonged to someone else,

but that Bolton wasn't sure who it belonged to. A reasonable jury can infer that Bolton mistakenly attributed the work to Marvin Gaye, when in reality Bolton was subconsciously drawing on Plaintiff's song.

1 Gaye recorded "Some Kind of Wonderful" after it had been made famous by The Drifters. See Marvin Gaye, *Some Kind of Wonderful, on In the Groove* (Motown 1968). Marvin Gaye also referred to the song's chorus, "She's some kind of wonderful," in his song, "Too Busy Thinking About My Baby." See Marvin Gaye, *Too Busy Thinking About My Baby, on MPG*, (Motown 1969).

[**15] The appellants contend that the Isley Brothers' theory of access amounts to a "twenty-five-years-after-the-fact-subconscious copying claim." Indeed, this is a more attenuated case of reasonable access and subconscious copying than *ABKCO*. In this case, the appellants never admitted hearing the Isley Brothers' "Love is a Wonderful Thing." That song never topped the Billboard charts or even made the top 100 for a single week. The song was not released on an album or compact disc until 1991, a year after Bolton and Goldmark wrote their song. Nor did the Isley Brothers ever claim that Bolton's and Goldmark's song is so "strikingly similar" to the Isley Brothers' that proof of access is presumed and need not be proven.

Despite the weaknesses of the Isley Brothers' theory of reasonable access, the appellants had a full opportunity to present their case to the jury. Three rhythm and blues experts (including legendary Motown songwriter Lamont Dozier of Holland-Dozier-Holland fame) testified that they never heard of the Isley Brothers' "Love is a Wonderful Thing." Furthermore, Bolton produced copies of "TV Guide" from 1966 suggesting that the television shows playing the song never aired [**16] in Connecticut. Bolton also pointed out that 129 songs called "Love is a Wonderful Thing" are registered with the Copyright Office, 85 of them before 1964.

The Isley Brothers' reasonable access arguments are not without merit. Teenagers are generally avid music listeners. It is entirely plausible that two Connecticut teenagers obsessed with rhythm and blues music could

remember an Isley Brothers' song that was played on the radio and television for a few weeks, and subconsciously copy it twenty years later. Furthermore, Ronald Isley testified that when they met, Bolton said, "I have all his stuff." Finally, as the district court pointed out, Bolton's remark about Marvin Gaye and "Some Kind of Wonderful" indicates that Bolton believed he may have been copying someone else's song.

Finally, with regard to access, we are mindful of Judge Frank's words of caution in *Arnstein v. Porter*: "The judge characterized plaintiff's story as 'fantastic'; and in the light of the references in his opinion to defendant's deposition, the judge obviously accepted the defendant's denial of access and copying Yet plaintiff's credibility, even as to those improbabilities, should be left to the [**17] jury." *Arnstein*, 154 F.2d at 469. In this case, Judge Baird heeded Judge Frank's admonition:

This Court is not in a position to find that the only conclusion that a reasonable jury could have reached is that [**485] Defendants did not have access to Plaintiff's song. One must remember that the issue this Court must address is not whether Plaintiff has proven access by a preponderance of evidence, but whether *reasonable minds* could find that Defendants had a *reasonable opportunity* to have heard Plaintiff's song before they created their own song.

Although we might not reach the same conclusion as the jury regarding access, we find that the jury's conclusion about access is supported by substantial evidence. We are not establishing a new standard for access in copyright cases; we are merely saying that we will not disturb the jury's factual and credibility determinations on this issue.

B. Substantial Similarity

Under our case law, substantial similarity is inextricably linked to the issue of access. In what is known as the "inverse ratio rule," we "require a lower standard of proof of substantial similarity when a high degree of access is shown. [**18] " *Smith*, 84 F.3d at 1218 (citing *Shaw v. Lindheim*, 919 F.2d 1353, 1361-62 (9th Cir. 1990); *Krofft*, 562 F.2d at 1172). Furthermore, in the absence of any proof of access, a copyright

plaintiff can still make out a case of infringement by showing that the songs were "strikingly similar." *See Smith*, 84 F.3d at 1220; *Baxter v. MCA, Inc.*, 812 F.2d 421, 423, 424 n.2 (9th Cir. 1987).

Proof of the substantial similarity is satisfied by a two-part test of extrinsic similarity and intrinsic similarity. *See Krofft*, 562 F.2d at 1164. Initially, the extrinsic test requires that the plaintiff identify concrete elements based on objective criteria. *See Smith*, 84 F.3d at 1218; *Shaw*, 919 F.2d at 1356. The extrinsic test often requires analytical dissection of a work and expert testimony. *See Apple Computer, Inc v. Microsoft Corp.*, 35 F.3d 1435, 1442 (9th Cir. 1994). Once the extrinsic test is satisfied, the factfinder applies the intrinsic test. The intrinsic test is subjective and asks "whether the ordinary, reasonable person would find the total [*19] concept and feel of the works to be substantially similar." *Pasillas v. McDonald's Corp.*, 927 F.2d 440, 442 (9th Cir. 1991) (internal quotations omitted).

We will not second-guess the jury's application of the intrinsic test. *See Krofft* 562 F.2d at 1166 ("Since the intrinsic test for expression is uniquely suited for determination by the trier of fact, this court must be reluctant to reverse it.") (citations omitted). Furthermore, we will not reverse factual determinations regarding the extrinsic test absent a clearly erroneous application of the law. *See id.* It is well settled that a jury may find a combination of unprotectible elements to be protectible under the extrinsic test because "the over-all impact and effect indicate substantial appropriation." *Id.* at 1169 (quoting *Malkin v. Dubinsky*, 146 F. Supp. 111, 114 (S.D.N.Y. 1956)).

1. Evidence of Substantial Similarity

Bolton and Goldmark argue that there was insufficient evidence of substantial similarity because the Isley Brothers' expert musicologist, Dr. Gerald Eskelin, failed to show that there was copying of a combination of unprotectible [*20] elements. On the contrary, Eskelin testified that the two songs shared a combination of five unprotectible elements: (1) the title hook phrase (including the lyric, rhythm, and pitch); (2) the shifted cadence; (3) the instrumental figures; (4) the verse/chorus relationship; and (5) the fade ending. Although the appellants presented testimony from their own expert musicologist, Anthony Ricigliano, he conceded that there were similarities between the two songs and that he had not found the combination of unprotectible elements in

the Isley Brothers' song "anywhere in the prior art." The jury heard testimony from both of these experts and "found infringement based on a unique compilation of those elements." We refuse to interfere with the jury's credibility determination, nor do we find [*486] that the jury's finding of substantial similarity was clearly erroneous.

2. Independent Creation

Bolton and Goldmark also contend that their witnesses rebutted the Isley Brothers' prima facie case of copyright infringement with evidence of independent creation. By establishing reasonable access and substantial similarity, a copyright plaintiff creates a presumption of copying. The burden shifts to [*21] the defendant to rebut that presumption through proof of independent creation. *See Granite Music Corp. v. United Artists Corp.*, 532 F.2d 718, 721 (9th Cir. 1976).

The appellants' case of independent creation hinges on three factors: the work tape demonstrating how Bolton and Goldmark created their song, Bolton and Goldmark's history of songwriting, and testimony that their arranger, Walter Afanasieff, contributed two of five unprotectible elements that they allegedly copied. The jury, however, heard the testimony of Bolton, Goldmark, Afanasieff, and Ricigliano about independent creation. The work tape revealed evidence that Bolton may have subconsciously copied a song that he believed to be written by Marvin Gaye. Bolton and Goldmark's history of songwriting presents no direct evidence about this case. And Afanasieff's contributions to Bolton and Goldmark's song were described by the appellants' own expert as "very common." Once again, we refuse to disturb the jury's determination about independent creation. The substantial evidence of copying based on access and substantial similarity was such that a reasonable juror could reject this defense.

3. Inverse-Ratio [*22] Rule

Although this may be a weak case of access and a circumstantial case of substantial similarity, neither issue warrants reversal of the jury's verdict. An amicus brief on behalf of the recording and motion picture industries warns against watering down the requirements for musical copyright infringement. This case presents no such danger. The Ninth Circuit's inverse-ratio rule requires a lesser showing of substantial similarity if there is a strong showing of access. *See Smith*, 84 F.3d at 1218.

In this case, there was a weak showing of access. We have never held, however, that the inverse ratio rule says a weak showing of access requires a stronger showing of substantial similarity. Nor are we redefining the test of substantial similarity here; we merely find that there was substantial evidence from which the jury could find access and substantial similarity in this case.

C. Sufficiency of the Deposit Copy

The appellants argue that the district court did not have jurisdiction over this case because the Isley Brothers failed to register a complete copy of the song upon which the lawsuit was based. Although the 1909 Copyright Act requires the owner to deposit [**23] a "complete copy" of the work with the copyright office, our definition of a "complete copy" is broad and deferential: "Absent intent to defraud and prejudice, inaccuracies in copyright registrations do not bar actions for infringement." *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1335 (9th Cir. 1984) (citations omitted).

Bolton and Goldmark argue that in 1964 the Isley Brothers deposited sheet music ("deposit copy") of "Love is a Wonderful Thing" that differed from the recorded version of the song. Furthermore, they claimed that the deposit copy does not include the majority of the musical elements that were part of the infringement claim. At trial, the Isley Brothers' expert, Dr. Eskelin, testified that the deposit copy included all of the song's essential elements such as the title hook, chorus, and pitches. Dr. Eskelin even played the deposit copy for the jury on the keyboard. We refuse to disturb the jury's finding that the Isley Brothers deposited a "complete copy" because (1) there was no intent to defraud and prejudice and (2) any inaccuracies [**487] in the deposit copy were minor and do not bar the infringement action.

D. Attribution of Profits

Sony Music [**24] claims that the district court improperly applied an assumption that all profits from Bolton and Goldmark's song go to the Isley Brothers, and that no evidence supported the jury's apportionment of profits. A successful copyright plaintiff is allowed to recover only those profits that are "attributable to infringement." 17 U.S.C. § 504(b) (1994). "In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit

attributable to factors other than the copyrighted work." *Id.* See also *Cream Records, Inc. v. Jos. Schlitz Brewing Co.*, 754 F.2d 826, 828 (9th Cir. 1985) (holding that when all profits do not clearly derive from the infringing material, the copyright owner is not entitled to recover all of the profits); *Gaste*, 863 F.2d at 1070 (finding that where there is "imprecision in the computation of expenses, a court should err on the side of guaranteeing the plaintiff a full recovery"). Thus, the statutory burden of proof lies with Sony Music to prove what percentage of [**25] their profits were not attributable to copying the Isley Brothers' "Love is a Wonderful Thing."

Sony Music presented evidence that Bolton's "Love Is a Wonderful Thing" produced only 5-10% of the profits from his album, "Time, Love and Tenderness," and that the song's infringing elements resulted in only 10-15% of the profits from the song. The Isley Brothers, however, attacked the credibility of one of Sony Music's experts. Furthermore, they presented evidence that Bolton's infringing song was the album's lead single, that it was released 19 days before the album, and that Bolton engaged in telephone promotion of the song. The jury found that 28% of the album's profits derived from the song, and that 66% of the song's profits resulted from infringing elements.

We affirm the jury's apportionment of the profits for several reasons. First, the jury instructions adequately conveyed the burden of proof. Second, the burden of proof was on Sony Music, and the jury chose not to believe Sony Music's experts. Finally, a jury verdict apportioning less than 100% of the profits but more than the percentage estimates of Sony Music's experts does not represent clear error.

E. Deduction of Tax [**26] Liability

Sony Music also argues that the district court erred in allowing Bolton and Goldmark, but not Sony Music, to deduct income taxes due to profits from the album. Whether income taxes are considered "deductible expenses" under § 504(b) is an issue of first impression in this circuit. The Supreme Court held that willful infringers could not deduct income taxes, but it left open the possibility that non-willful infringers could deduct their income taxes from the infringing profits. See *L.P. Larson, Jr., Co. v. Wm. Wrigley, Jr., Co.*, 277 U.S. 97, 99-100, 72 L. Ed. 800, 48 S. Ct. 449 (1928). The circuits are split over whether non-willful infringers such as Bolton, Goldmark, and Sony Music can deduct income

taxes from their infringing profits. *Compare In Design v. K-Mart Apparel Corp.*, 13 F.3d 559, 567 (2d Cir. 1994) (allowing the deduction of income taxes) with *Schnadig Corp. v. Gaines Mfg. Co., Inc.*, 620 F.2d 1166, 1169-70 (6th Cir. 1980) (not allowing the deduction of income taxes).

The Second Circuit allowed the deduction of income taxes because if infringers are liable for pre-tax profits, they may end up paying more money [**27] than they ever received. *See In Design*, 13 F.3d at 567. Under the Second Circuit's rule, the infringer receives a windfall by (1) paying a smaller damages award and (2) deducting the entire, pre-tax award from gross income on a subsequent tax return. The Sixth Circuit rejected the deduction of income taxes because the increased pre-tax [**488] profits paid to the copyright holder will be balanced out by an eventual tax refund based on the pre-tax award. *See Schnadig*, 620 F.2d at 1169-70. Under the Sixth Circuit's rule, the copyright holder receives a windfall by receiving a larger, pre-tax award.

During the third phase of this trial, the district court adopted the findings of the special master's report regarding the deduction of income taxes. The district court followed the Second Circuit rule and allowed Bolton and Goldmark, as non-willful infringers, to deduct the income taxes and management fees that they paid relating to the infringing song. The district court, however, refused to allow Sony Music to deduct its Net Operating Loss Carry-forward (NOL) because the NOL did not have a "concrete financial impact."

We uphold the district court's decision to [**28] allow non-willful infringers to deduct income taxes, but not NOL. In this case, Bolton and Goldmark actually paid income taxes and management fees on the infringing profits. Sony Music, however, never actually paid income taxes on its infringing profits. Rather, Sony Music claimed it offset nearly \$ 1.7 million in taxes on the infringing profits against its parent company's NOL. No court has ever found that NOL is a deductible expense under § 504(b). Furthermore, we find that the district court's distinctions between taxes actually paid and taxes not actually paid was a fair one. Thus, we affirm the district court's calculation of a \$ 4,218,838 damages award against Sony Music.

F. Second New Trial Motion

Finally, Bolton and Goldmark claim that the district

court erred in rejecting their second motion for new trial. The district court's denial of a motion for a new trial pursuant to *Federal Rule of Civil Procedure 60(b)* is reviewed for an abuse of discretion. *See Browning-Ferris Indus. v. Kelco Disposal, Inc.*, 492 U.S. 257, 278, 106 L. Ed. 2d 219, 109 S. Ct. 2909 (1989); *Scott v. Ross*, 140 F.3d 1275, 1281 (9th Cir. 1998). The abuse of discretion [**29] standard applies particularly when the district court's denial is based on the motion's untimeliness. *See E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1294-96 (9th Cir. 1992).

Bolton and Goldmark's second motion for a new trial was based on the discovery of new evidence that disputed the Isley Brothers' claim of authorship. A day before the deadline for post-trial motions, the appellees discovered evidence alleging that the Turkcords, a group that played with the Isley Brothers in the mid-1960s, claimed to have written the 1964 song, "Love is a Wonderful Thing." Bolton and Goldmark did not immediately notify the district court of this new evidence. Instead, fourteen days after the deadline for post-trial motions had passed, they filed an additional motion for new trial. The district court rejected the second motion for new trial as untimely filed.

We affirm the district court's denial of the second motion for new trial because the evidence, if true, goes at most to the weight and credibility of the evidence before the jury. At trial, Ronald Isley claimed to have written the song with the deceased guitar legend, Jimi Hendrix. (As a young man, Hendrix played [**30] in the Isley Brothers' band.) The Turkcords' claims of authorship are dubious for several reasons. The Turkcords knew about the re-release of "Love is a Wonderful Thing" by United Artists in 1991, yet they claimed that the Isley Brothers had agreed to share the song's royalties with them only after hearing about the damages award in this case on "Inside Edition." Furthermore, Bolton and Goldmark knew about this new evidence before the deadline for the post-trial motions, yet they did not immediately notify the district court.

Even if the Turkcords' claims of authorship are true, a new trial is not warranted in the interests of justice because the Isley Brothers' copyright ownership is not jeopardized. Registration is [**489] prima facie evidence of the validity of a copyright. *See 17 U.S.C. § 410(c)* (1994). This presumption can be rebutted by the defendant's showing that the plaintiff's work is not original. *See North Coast Indus. v. Jason Maxwell, Inc.*,

972 F.2d 1031, 1033 (9th Cir. 1992). *North Coast's* definition of originality is broad: "All that is needed to satisfy both the Constitution and the statute is that the "author" contributed [**31] something more than a "merely trivial" variation, something recognizably "his own." Originality in this context means "little more than a prohibition of actual copying." "" *Id.* (quoting *Krofft*, 562 F.2d at 1163 n.5 (quoting *Alfred Bell & Co. v. Catalda Fine Arts*, 191 F.2d 99, 102-03 (2d Cir. 1951))). *See also Kamar Int'l Inc. v. Russ Berrie and Co.*, 657 F.2d 1059, 1061 (9th Cir. 1981) (employing a broad definition of originality relating to toy stuffed animals).

In this case, the Isley Brothers undoubtedly contributed something original to "Love is a Wonderful Thing." Their proteges, the Turkcords, purportedly wrote the song, then gave the Isley Brothers' permission to record it after the voice of the Turkcords' lead singer allegedly "cracked." Members of the Turkcords allegedly sang back-up on the record. Yet the Turkcords never

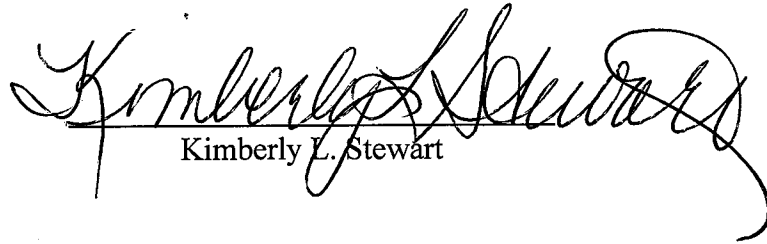
copyrighted their song. They relied on the Isley Brothers' alleged promise to share the royalties with them.

The district court did not abuse its discretion in rejecting Bolton and Goldmark's second motion for a new trial based on this evidence. The Turkcords' claims of authorship would not have affected [**32] the outcome of the case and at most go to the weight and credibility of the evidence. Bolton and Goldmark's second motion was a last-ditch attempt to discredit the jury's verdict. The district court heard all of the evidence in this case, instructed the jury on the applicable law, yet refused to reverse the jury's verdict pursuant to motion for a judgment as a matter of law. Having found that the law was properly applied in this case, we leave the district court's decisions and the jury's credibility determinations undisturbed.

AFFIRMED.

CERTIFICATE OF ELECTRONIC TRANSMISSION

I hereby certify that this correspondence is being transmitted electronically through ESTTA pursuant to 37 C.F.R. §2.195(a) on September 15, 2009.



Kimberly L. Stewart

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is Mitchell Silberberg & Knupp LLP, 11377 West Olympic Boulevard, Los Angeles, California 90064-1683.

On September 15, 2009, I served a copy of the foregoing document(s) described as **NOTICE OF RELIANCE RE: OFFICIAL RECORDS** on the interested parties in this action at their last known address as set forth below by taking the action described below:

Lawrence Y. Iser (liser@kwikalaw.com) Direct (310) 566-9801 Direct Fax (310) 566-9861 Patricia A. Millett (pmillet@kwikalaw.com) Direct (310) 566-9821 Direct Fax (310) 566-9870 Chad R. Fitzgerald (CFitzgerald@kwikalaw.com) Direct 310.566.9802 Direct Fax 310.566.9882 Kinsella, Weitzman, Iser, Kump & Aldisert LLP 808 Wilshire Boulevard, 3rd Floor Santa Monica, CA 90401 (310) 566-9800 Fax: (310) 566-9850	Counsel for Applicant, MATTEL, INC.
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☒ **BY MAIL:** I placed the above-mentioned document(s) in sealed envelope(s) addressed as set forth above, and deposited each envelope in the mail at Los Angeles, California. Each envelope was mailed with postage thereon fully prepaid.

☐ **BY OVERNIGHT MAIL:** I placed the above-mentioned document(s) in sealed envelope(s) designated by the carrier, with delivery fees provided for, and addressed as set forth above, and deposited the above-described document(s) with _____ in the ordinary course of business, by depositing the document(s) in a facility regularly maintained by the carrier or delivering the document(s) to an authorized driver for the carrier.

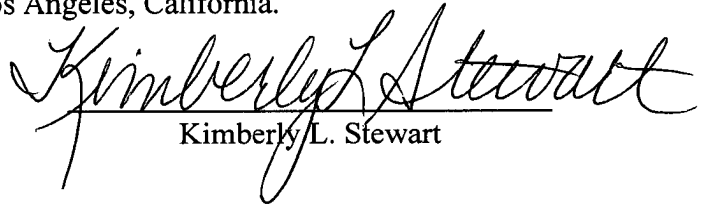
☐ **BY PERSONAL DELIVERY:** I placed the above-mentioned document(s) in sealed envelope(s), and caused personal delivery by _____ of the document(s) listed above to the person(s) at the address(es) set forth above.

☐ **BY ELECTRONIC MAIL:** I served the above-mentioned document electronically at __:__.m. on the parties listed at the email addresses above and, to the best of my knowledge, the transmission was complete and without error in that I did not receive an electronic notification to the contrary.

☐ **BY FAX:** On _____, at _____ am/pm, from facsimile number (310) _____, before placing the above-described document(s) in sealed envelope(s) addressed as set forth above, I sent a copy of the above-described document(s) to each of the individuals set forth above at the facsimile numbers listed above. The transmission was reported as complete and without error. The transmission report was properly issued by the transmitting facsimile machine, and a copy of that report is attached hereto.

I declare under penalty of perjury under the laws of the United States that the above is true and correct.

Executed on September 15, 2009, at Los Angeles, California.


Kimberly L. Stewart